

STATINTL

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NATIONAL DEFENSE

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December 3, 1981

Admiral B. R. Inman
Deputy Director of
Central Intelligence
Central Intelligence Agency
McLean
Virginia - 20505

Dear Admiral Inman:

Please find enclosed my resumé of your address to us at
A.D.P.A. on November 17 covering "The State of U.S. Intelligence".

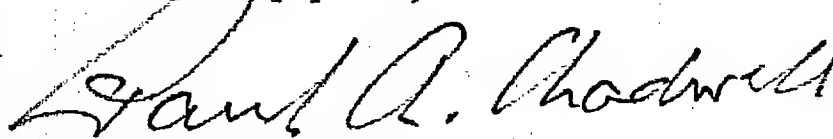
In accordance with your wishes, my summary is submitted to
you for clearance and I hope that have recorded the substance
of your address accurately.

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Kindly have [redacted] return the text, as annotated, to
my attention at NATIONAL DEFENSE and it will be included,
accordingly, in our published version. There may possibly
be some abbreviation as to length but this would be based on
unforseeable space limitations and an editorial matter.

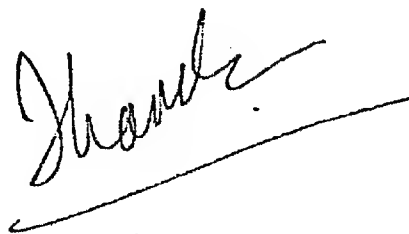
I am taking the liberty of also enclosing a copy of my
recent letter to the New York Times.

Sincerely yours,



Paul A. Chadwell
Contributing Editor

Two enclosures



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DEPUTY DIRECTOR OF THE CIA ADDRESSES NOVEMBER BREAKFAST MEETING

Admiral B.R. Inman, USN, Deputy Director of the CIA, addressed the November 17, 1981 A.D.P.A. Breakfast Meeting at the Key Bridge Marriott on "The State of U.S. Intelligence".

Admiral Inman began his presentation ^{giving} by ~~us~~ an historical synopsis of the development of U.S. intelligence gathering efforts. Our country ^{has been} ~~has been~~ collecting intelligence information ^{in peacetime} ~~for~~ almost 100 years ^{with} ~~or ever~~ since the founding of the Office of Naval Intelligence in March 1882. This is the oldest continuous intelligence gathering organization that we possess. Essentially, ^{broader} our intelligence collection efforts began in World War I but, upon the termination of that conflict, the bulk of our activities ^{again} ~~again~~ ceased although the War Department and the Navy picked up some of the pieces. It was this residual capability that enabled us to break the Japanese code.

The end of WW II brought about a whole new perspective regarding the value of being involved in intelligence and led to our retention, in ^{might} ~~peacetime~~, of organizations that could answer the question: "What ~~do~~ ^{might} we ~~rightly~~ need to know". There were initial ~~indecisions~~ regarding the FBI and its mission to sustain domestic ^{actively} ~~intelligence~~ and the need to assign foreign intelligence work elsewhere. International intelligence responsibilities ^{were really fostered} ~~by~~ the Korean War in the 50's which also triggered the effort to assemble encyclopedic data about countries throughout the world - because of the realization that full knowledge about foreign countries, their cultures and economies is as needful as is basic information about their ^h ~~fighting~~ capabilities. Also during the 50's, there was a great

surge in our technological information gathering capabilities

as exemplified by the development of U-2 which, for the first time, enabled us to examine closed societies. *IN retrospect, the key failure at that time was not establishing guidelines for protecting American citizens' interests which would govern the conduct of business by the intelligence community*

However, in the 60's, the intelligence community was beset by the same problems as the U.S. military community because the key question became not what we ^{might} need to know but were our operations "cost effective". And if there has ever been a type of organization that is not cost effective it is intelligence because logical conclusions depend upon assumptions that can be brought to bear on many bits of information and the cost of obtaining them escalates with the number of facts that can be obtained.

Also in the 60's, the Vietnam War added to the then existing complexities of gathering information because it diverted resources from the basic task of assembling encyclopaedic intelligence knowledge. And, in 1967, problems were compounded because of adverse U.S. balance of payments considerations. Consequently, the question then became "What can you do without?" and, concomitantly, "How do you reduce the American presence abroad?" Subsequently, in 1971, the problem was accentuated by "How can you pay for great new technological advances?" And the answer was "Give up manpower", a tenet which, by definition, again struck at the need to assemble the "bits and pieces" approach noted earlier. One sequel to our dissipating our intelligence manpower was our failure to predict the 1973 Arab-Israeli conflict.

In general, in the 1970-75 time frame, there was focus on lessened intelligence because of expenditure ceilings set by UMB

failure to think ahead about
(Office of Management and Budget), and parallel neglect of the *what kind of challenges*
~~need to know how this~~ would affect U.S. interests ~~from that time~~
up to 10 years beyond. ~~Actually, this shortcoming had surfaced~~
~~earlier. In the early 1940's and 50's, when the U.S. founded~~
~~organizations to conduct secret operations to do adequate reporting,~~
~~no guidelines had been established on the basis of which personnel~~
~~making inputs would be held accountable for their performance~~
~~10, 20 and even 30 years ahead. (Reporter's note: This last~~
~~observation is believed to essentially relate to basic intelligence~~
~~since current intelligence, being highly fluid, has a relatively~~
~~short use value.)~~

In Admiral Inman's judgement, the real impact of the investigations of past U.S. intelligence performance *during the mid 1970s* was the failure to assess the consequences of the draw-down of manpower and spending power. There was no mood at the time to point the direction that should be taken but rather of regulation of what you were doing. Plus pressures from the Congress *pressures* ~~looking at~~ the question of what we could do without. The over-all approach was to centralize the whole review of the investment that you could afford in the intelligence area and to let OMB set the pace by providing, at the outset, a dollar ceiling against which you would decide how much you could afford to spend.

With specific reference to CIA, some assumptions were made about what might happen - assumptions that you might have a *more* peaceful century as you progressed into the *final* decades *of the twentieth century.* Major investments were made, primarily to monitor arms control treaties which turned out to

in the Congress, ^{in terms of} ~~the~~ proper mechanism for classified oversight. You cannot count on public discussion as the medium for providing effective oversight because the intelligence community can never respond to public inquiry without revealing essential elements of classified information. The principle that you can reveal examples of what ^{foreign} ~~other~~ intelligence agencies have passed on to you is ludicrous unless you wanted to make sure that they will never do business with you again.

Fortunately, the mechanism is now in place to assure that bipartisan committees of the Senate and the House will oversee intelligence interest without compromising essential information. For several years, Admiral Inman has watched a very large spectrum of Congressional people who have approached oversight with a bipartisan view; there is no reward for those so concerned in terms of appreciation from their home constituencies nor, indeed, can they disclose the nature of their work to their political benefit. They have passed over several opportunities to make headlines and have continued to provide cogent advice as to how the Administration should go about its intelligence operations. We need to place great reliance upon such interpretations and get on with excluding provisions of the Freedom of Information Act ^{for the Intelligence Community. We need laws to ensure that we} ~~to make sure that misinterpretations~~ do not give a license to U.S. citizens or organizations to publicly work for the destruction of the U.S. intelligence setup, ~~And~~ certainly not to collaborate with foreign intelligence organizations in the process. We have to get back to having the intelligence organizations provide this country with first class intelligence.